Electricity Markets Advisory Council

Meeting 22 September 2026

List of attendees

EMAC Members	Role
Ainhoa Anda	Head of Data Centre Energy EMEA, Google
Alastair Martin	Chief Strategy Officer, Flexitricity
Chloe Huttner	Senior Policy Researcher, Citizens Advice
David Wellard	Head of Regulatory Affairs, Ørsted
Dena Barasi	Head of Policy, Regulation and Advocacy, E.ON UK
Eoin Kennedy	Head of Future Operations, EirGrid
Francis Dike	Head of Market Intelligence and Advisory, Elexon
James Samworth	Partner, Schroders Greencoat
Laura Sandys	Chair, Electrify Industry
Monica Collings	EMAC Chair
Paul Hinksman	Head of Ancillary and Trading Services, RWE
Rebecca Sedler	Head of Market Design, Interconnectors, NGV
NESO	**Role**
Carlos Vallejo	Technical Secretary
Grace Carter	Electricity Modelling & Regional Strategy Analyst
Izzie Sunnucks	Balancing Cost Manager
Jenny Mills	Energy Demand Manager
Lizzie Blaxland	Head of Future Market Design, EMAC Senior Sponsor
Magda Morenes	Technical Secretary
Rebecca Beresford	Director of Markets
Vicki Mustard	Head of Customer Advocacy and Management
DESNZ and Ofgem Delegates	**Role**
Grendon Thompson	Deputy Director, System Operations & Market, Ofgem
Matt Trayner	WCfD Commercial Lead, DESNZ
Simon Rickenback	Head of Wholesale Markets Policy, DESNZ

Agenda

1. Welcome, introduction and update on last meeting's agenda items (Rebecca Beresford, NESO; Lizzie Blaxland, NESO; Monica Collings, Chair)
2. NESO's Councils Structure (Vicki Mustard, NESO)
3. NESO's 10-Year Outlook (Jenny Mills, Grace Carter, NESO)
4. Wholesale CfDs (Matt Trayner, DESNZ)
5. Day-Ahead NTC Restrictions and NESO Trading (Simon Williams, NESO)
6. Balancing Cost Report and Constraints Modelling (Izzie Sunnucks, NESO)
7. Forward work plan and close (Rebecca Beresford, NESO; Lizzie Blaxland, NESO; Monica Collings, Chair)

Topics discussed:

1. Welcome, introduction and update on last meeting's agenda

- The Chair opened the meeting, thanked members for their attendance and invited Rebecca Beresford to welcome attendees. Introductions were made.
- Lizzie Blaxland provided an update on the topics discussed at the previous meeting:
  - Gas Markets Roadmap: Published in July, NESO's first roadmap sets priorities for the gas market transition and resilience. Detailed project development is underway, with opportunities for member input.
  - Cost of Capital: Follow-up discussions examined gaps and detailed issues, including market liquidity and CfD design. Members will remain informed.
  - Whole-System Integration: Work continues to strengthen electricity–gas coordination across initiatives including RESP and the markets roadmap.

2. NESO's Councils Structure

- Vicki Mustard outlined the structure of NESO's advisory councils and their purpose. The retained Independent Stakeholder Group (ISG) scrutinises strategy, while Ofgem's Independent Customer Panel (ICP) assesses NESO's performance and is recruiting a chair.
- The ISG tests strategy and emerging ideas, identifies priorities and provides challenge. The advisory councils are:
  - Electricity Markets Advisory Council
  - Gas Advisory Council
  - Technical Advisory Council

- Engineering Advisory Council

- The councils advise NESO across its roles, though not all produce specific deliverables.
- The structure also includes the RESP Strategic Board, its working groups and expert panels such as the RNP. Coordination is being strengthened through closer links between chairs.
- Members asked how NESO engages directly with industrial, commercial and other service users.
- Vicki stated the ISG's remit is expanding to cover domestic, industrial and commercial consumers. Existing forums capture consumer views, but she welcomed feedback on representation gaps.
- Rebecca said EMAC was designed to represent customer perspectives and invited members to support by identifying any gaps they observe.

3. NESO's 10-Year Outlook

Electricity Demand

- Jenny Mills outlined the 10-Year Outlook, its differences from FES Pathways and demand projections.
- The Outlook assumes slower EV and heat-pump uptake than FES25, reducing demand growth. Members highlighted that evidence suggests faster adoption. This analysis used autumn 2025 data; members stressed the importance of realistic assumptions for security-of-supply planning.
- Members emphasised the importance of considering both supply- and demand-side flexibility, including households' role in adjusting demand. Jenny noted that this is reflected in the modelling.
- The Outlook shows that demand growth (both annual and peak) is driven by relatively nascent sectors including electric vehicles, heat pumps and data centres.
- Members noted rising air-conditioning demand. Jenny confirmed it is included in forecasts; members suggested consulting manufacturers on uptake. It was also added that projected EV demand might reflect weak market design and peak-time incentives, particularly with limited consumer engagement.
- It was noted that the Outlook and FES serve different purposes. The Outlook should use realistic assumptions and assess related risks. Members asked where NESO explains differences between the Outlook and FES.

- Members noted the importance of assessing affordability. It was clarified that the Outlook considers industry input, energy costs, incentives and other cost factors, with further analysis in the FES costing report.
- Members highlighted that large loads may affect tariffs, affordability and reliability. Air conditioning, EVs and other loads could increase demand together, though charging times may shift.
- The Outlook shows that demand growth is slightly lower than in the 2025 Outlook due to revised assumptions on data centres (including utilisation and project attrition), transport, and heat pumps.
- Attrition was applied to the data-centre connections pipeline, reflecting larger new centres and uncertainty over whether high GB electricity costs make AI training viable.
- Some members found the figures surprisingly low, although others considered the attrition approach reasonable, noting that ramp-up depends on AI policy, costs and data copyright. They highlighted that the financial case may be challenging for data centres, whose priority is connection speed. They also asked how behind-the-meter activity is modelled.
- The Outlook also outlines higher commercial and industrial electricity demand from electrification, heat pumps and air conditioning, alongside continued EV-led transport growth. Industrial and commercial flexibility is expected to increase, while residential flexibility has been revised down based on CrowdFlex findings.

Electricity Supply

- Grace Carter presented the Supply Outlook, forecasting strong renewable growth led increasingly by solar and batteries as wind projects face delays. Connections reform remains a key uncertainty: Gate 2 does not guarantee delivery, and the Outlook assumes offshore wind delays from the connections pipeline.
- Firm capacity remains essential, with gas-fired generation supporting a gradual increase in peak availability. Curtailment is expected to rise, and GB becomes a net importer later than projected in the 2025 Outlook.
- Members questioned the projections, noting that 70 GW of solar exceeds market forecasts of around 40 GW. They warned that lower demand and prices could weaken investment and make further development unviable.
- Members asked what policy would keep gas-fired generation available as it shifts from merit-order to peaking capacity.

- Members highlighted differences between the Outlook and CP30, their implications and the need to communicate wider macroeconomic effects clearly.
- Members noted that LDES projections require strong policy, connections reform and incentives, but premiums may be unaffordable. Further work should assess the optimal supply-demand balance and supporting market arrangements.

4. Wholesale CfDs

- DESNZ described WCfDs for legacy low-carbon generators, aimed at limiting exposure to gas-price volatility while maintaining consumer value and investment. Design work covers eligibility, allocation, contract length, funding and interaction with the Renewables Obligation (RO).
- Members questioned RO coordination, competitive allocation and whether fixed prices and the reference curve would deliver value without repayment costs.
- DESNZ said WCfDs would provide revenue certainty and protection from gas-price spikes, with market distortions addressed through consultation.
- Members also mentioned uncertain voluntary uptake, timing and strike-price risks, curtailment compensation and balancing-market impacts. DESNZ is reviewing these areas across relevant policy teams.

5. Day-Ahead NTC Restrictions and NESO Trading

- Simon Williams explained that NESO has increased day-ahead Net Transfer Capacity (NTC) restrictions since 24 July because there is a limitation on how much interconnector flows can be adjusted intraday. The restrictions do not reduce nominated capacity, interconnector owners are compensated, and the measure is likely to continue beyond year-end.
- Members questioned whether restrictions were a last resort and whether market impacts had been assessed. It was highlighted that alternatives are considered first, current volumes are too low to materially affect the market, and restrictions may be used to manage margins or local constraints.
- Members requested clearer next steps, including coordination with EU TSOs during system stress and assessment of costs. Simon confirmed that further engagement with connected TSOs is planned.

6. **Balancing Cost Report and Constraints Modelling**
    - Izzie Sunnucks explained that October's actual and forecast balancing cost reports will explain rising thermal constraint costs, although draft messages and figures may change.
    - Following feedback previously received, the Balancing Costs Report will be split into Outturn Cost and Constraints updates to clarify cost drivers and mitigation priorities. Constraint costs reflect regional imbalances, network availability and management costs, with different responses needed across timeframes.
    - It was highlighted that 10-Year Outlook projections vary with FES 2025 generation and demand assumptions and remain within the assessed range. Delays would extend the current cost trajectory into later years.
    - Members called for clearer communications on the materials' purpose, issues and proposed actions.
    - Members asked about key drivers, barriers, useful sensitivities and confidence in timely transmission delivery. Izzie said the analysis tests several drivers, but not transmission delays.
    - Izzie explained that constraint projections are driven by gas prices and outage-related network pressures in 2027, generation connecting ahead of network reinforcements in 2028–31, and longer term, scenario-dependent regional supply-demand imbalances and network reinforcement.
    - Members recommended identifying who receives the payments arising from the current situation by tracing the flow of money, and noted that demand shifting and decarbonisation could help.
    - It was clarified that projections use planning data and outage sensitivities to reflect uncertainty, but exclude further network optimisation. It was also noted that measures can reduce near-term costs, optimise medium-term outages and, through the SEP and RNP, align generation, demand and networks over the long term.
    - Members asked how these factors affect wholesale prices. It was highlighted that the aim is to minimise total consumer costs, and the analysis shows how balancing costs affect bills.
    - Members mentioned delayed transmission delivery and underused assets, calling for reinforcement and better use of existing infrastructure to reduce costs. They also highlighted flexibility, non-firm connections and the Engineering Standards Review as ways to improve use of existing network capacity, and asked whether benefits could be quantified and deployment accelerated.

- Members urged NESO to focus messaging on the central case and most likely outcomes, rather than less likely scenarios.

7. **Forward work plan and close**
   - Members proposed a broad forward programme covering market design, system operation, flexibility, connections and consumer experience, with a focus on strategic objectives, whole-system impacts and future GB–EU market arrangements.